



# Portland Housing Bureau

**To:** Inclusionary Housing Calibration Study Work Group  
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**CC:** Molly Rogers, Interim Director  
Matthew Tschabold, Interim Deputy Director  
**Date:** December 22, 2022  
**RE:** IH Calibration Study – Unit Size Methodology Comparison

## Summary

PHB finds that Oregon Housing and Community Services' (OHCS's) unit size standards resulted in units larger than nearly half of market-rate sized units showing that current Inclusionary Housing (IH) reasonable equivalency standards are less restrictive. Utilizing OHCS's unit size standards would leave PHB open to potential variance requests for nearly half, if not more, of the buildings in the IH program for which PHB would still have to set additional minimum reasonable equivalency standards.

This memo provides a comparison of the City's IH unit size requirement calculation and OHCS's Minimum Unit Size Standards, in response to the suggestion at the December 2 IH Calibration Study work group meeting that the City explore using the OHCS methodology instead of the current IH criteria.

## Background

On February 1, 2017, Ordinance 188163 went into effect, adding the IH program to the City of Portland's portfolio of affordable housing development tools. Under City's IH program, all buildings proposing 20 or more new units must provide a percentage of the new units at rents affordable to households at 80% of the median family income (MFI) or below, for each unit type. The City also defined additional regulatory options under the umbrella of this requirement, as well as development criteria such as unit size requirements.

## Comparison Findings

Staff compared the OHCS minimum unit size standards against the average unit size for studio, one-bedroom, two-bedroom, three-bedroom and four-bedroom units in buildings that have come through the IH permitting pipeline for both private market buildings and OHCS funded buildings separately. Nearly 62% of unit types in OHCS funded buildings in the IH pipeline do not meet the OHCS minimum unit size standards and would need to make a variance request. Comparatively, over 47% of unit types in market rate buildings in the IH pipeline do not meet the OHCS minimum unit size standards. When using the current reasonable equivalency standard (95% of the average unit size of same type), nearly 56% of the of unit types in market rate buildings, and nearly 77% of OHCS funded buildings, in the IH pipeline would not meet the OHCS minimum unit size standards.

## Conclusion

Using the OHCS minimum unit size standards is not an effective measure for ensuring that restricted IH units are comparable in size to the market-rate units within the same building, or in a building sending or transferring units through the off-site or consolidation options.



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## Oregon Housing and Community Services' Unit Size Standards

OHCS's unit size requirements can be found in the agency's Core Development Manual (CDM). Projects' units must comply with the Dwelling Unit Size Standards (see chart below) or have received an approved variance request. Habitable rooms, except living rooms, must be a minimum of 100 square feet as well as be at least 9 feet in width and length (CDM 2019, Housing Development and Preservation Standards, page 6-19). General comments from agency staff regarding the purpose of the policy were that it right-sizes the use of housing subsidies to fund the development of units appropriately meeting basic living functions for a given family size.

According to a separate document found on the OHCS website, Minimum and Maximum Unit Size Limitations, it appears the agency developed unit size standards by researching 191 market rate and affordable housing developments representing 19,437 units. Unit size data was included on a project-by-project basis. Data was totaled and separated into market and affordable projects. The units of all projects were ranged from low to high unit sizes, and then median and average unit sizes were extracted. Maximum unit size was concluded from comparing the median and average unit size.

As there is no publishing date and limited background context in the document, it is assumed that the research was undertaken as part of a process in revising an existing policy, specifically around maximum sizing. The agency apparently instituted maximum unit sizes to control continually escalating construction costs.

To request a variance to OHCS's unit size requirements, applicants must provide the reason or rationale for the variance request including providing information that supports why the project cannot reasonably meet the standard and how the applicant will mitigate the effect of the proposed variance. According to staff, requests for variances are typically for smaller than the minimum unit size. General guidelines for approval of a variance includes whether staff believe that the request generally fits within the development trends of the broader local market while also maintaining the functional priorities of the target demographic.

Table N15.01 Dwelling Unit Size Standards			
Unit Type	Min. Unit Floor Area (Sq. Ft.)	Max. Unit Floor Area (Sq. Ft.)	
		Units other than Townhouses & Accessible Units	Townhouses and Accessible Units
SRO	175	---	---
Studio	350	---	---
1 Bedroom	600	690	740
2 Bedroom	800	925	950
3 Bedroom	1,000	1,200	1,250
4 Bedroom	1,250	1,400	1,450

**Notes:**  
1) See Appendix A.2 for OHCS Approved Area Calculation Methods.

Source: OHCS 2019 Core Development Manual



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## **Inclusionary Housing Unit Size Requirements**

During the development of the IH program, City Council directed PHB to ensure that designated IH units are reasonably equivalent to the market rate units within the same building or within buildings transferring their IH responsibility. The direction included the request that IH units be indiscernible in size from the market-rate units. PHB developed reasonable equivalency methodology, which is captured in the IH Administrative Rules, a Portland Policy document approved by Council that can be updated by the PHB Director as necessary. In 2021, Council requested that PHB implement additional provisions to the size requirements after at least one IH building restricted two-bedroom units that were smaller than one-bedroom units in the same building.

The current unit size requirements for IH units (homeownership projects have different standards) are that IH units must be at least 95% the size of the average of the total units with the same unit type (meaning number of bedrooms in each unit) as measured in square feet. The additional criteria applying when a building meets the IH requirements using the reconfiguration option to provide the same number of bedrooms as the base IH requirement, but reallocated in units with two or more bedrooms are as follows:

1. When using reconfiguration:
  - a. The required IH units must be reconfigured into units of two or more bedrooms;
  - b. Applicant may reconfigure all or some of the minimum required IH units; and
  - c. After reconfiguration is applied:
    - i. There must be at least one market rate unit that has two or more bedrooms per reconfigured IH unit with three bedrooms; and
    - ii. There must be at least one market rate unit that has three or more bedrooms per reconfigured IH unit with four bedrooms.
2. The reconfigured IH units must be reasonably equivalent to the size of the average square footage of the one-bedroom units as follows by reconfigured bedroom count:
  - a. 130% for reconfigured two-bedroom IH units;
  - b. 160% for reconfigured three-bedroom IH units; and
  - c. 190% for reconfigured four-bedroom IH units;
3. If there are no one-bedroom units to consider, the reconfigured IH units must be reasonably equivalent to the size of the average square footage of the studio units as follows by reconfigured bedroom count:
  - a. 195% for reconfigured two-bedroom IH units;
  - b. 240% for reconfigured three-bedroom IH units; and
  - c. 285% for reconfigured four-bedroom IH units.
4. The reconfigured IH units must be larger than the size of the average square footage of each of the smaller units by bedroom count.